

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1005 - HB 1201

April 19, 2022

**SUMMARY OF BILL AS AMENDED (016733, 017427):** Requires each regular meeting agenda be published on the Registry of Election Finance (Registry), Ethics Commission, and Bureau of Ethics and Campaign Finance's respective websites at least five business days prior to the meeting of such group.

Prohibits the Registry of Election Finance or Ethics Commission from accepting a settlement in which the aggregate amount of civil penalties exceeds \$25,000 without consideration at a regular meeting or a special meeting where 24-hour notice is provided to each respective member and party seeking a settlement proposal.

Deletes the prohibition for a political campaign committee other than a committee controlled by a political party or caucus of such political party from making a contribution to any candidate within 10 days of an election. Effective January 16, 2023, deletes monetary limits of contributions or expenditures required to be reported on statements of contributions. Authorizes candidates or political campaign committees to file the required reports of contributions received in the 10 days before an election to the Registry electronically.

Decreases the amount of contributions received from a person within the 10 days before an election that is required to be reported to the Registry in races for state and local offices. Requires a candidate or political campaign committee to disclose the name and address of a person that was paid \$1,000 or more within the 10 days before an election for a state or local public office, and \$3,000 or more for an election for state senate. Requires the Registry to develop an electronic filing system for reports of contributions in the 10 days before an election. Authorizes the Registry to impose a civil penalty of \$25 - \$10,000 per day against a candidate or political campaign committee that does not keep campaign funds separate at all times from other funds, including personal funds.

Extends the prohibition on a member of the Registry, or such member's immediate family, participating in certain political, lobbying, and campaign activities, for one year subsequent to the removal, vacancy, or termination of the term of office of the Registry member. Requires a person that provides pay to a member of the General Assembly for campaign services or a member of the General Assembly that is paying for or being paid for campaign services to provide a disclosure of contract to the Ethics Commission. Includes members of the Governor's cabinet in the persons who are prevented from receiving any compensation for consulting services other than a government entity.

Beginning January 1, 2023, requires any candidate for or member of the General Assembly to file an annual disclosure of any multicandidate political committee established or controlled by the member within the preceding five years of the disclosure.

Requires each candidate for chancellor, circuit court judge, criminal court judge, or judge of a state trial court of record to submit a disclosure statement of conflict of interests to the Ethics Commission.

Prohibits a candidate or political campaign committee, in soliciting and receiving a contribution from a person, from utilizing pre-checked or pre-marked boxes in a solicitation authorizing or requiring continuing future contributions to that candidate or committee from the credit card or another form of payment provided by the person from whom a contribution is requested.

Establishes that an organization that is tax-exempt under the Internal Revenue Service Code § 501(c)(4), (5), or (6) is required to report expenditures and appoint a political treasurer if such organization expends more than \$5,000 within 60 days of a primary or general election.

Requires any multicandidate political campaign committee that registers with the Registry to submit evidence of identification for each officer, treasurer of the committee, and person who directly controls expenditures, prior to making expenditures or receiving contributions. Requires the appropriate Speaker to appoint a caucus member appointment to the Ethics Commission if a caucus receives notice of a vacancy or expiration of a term, and the caucus has not appointed a member within 120 days of such notice.

## **FISCAL IMPACT OF BILL AS AMENDED:**

### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 4-55-101, the Bureau of Ethics of Campaign Finance is made up of the Registry and the Ethics Commission. The Bureau is governed by a board of directors composed of the members of the Registry and Commission.
- The board of directors of the Bureau is authorized to call a special meeting upon written request of eight members with three days written notice; however, the board of directors of the Bureau does not hold regular meetings.
- The Registry and the Ethics Commission both provide a calendar of upcoming events on their respective websites. The agenda of each regular meeting can be published at least five business days prior to the meeting within existing resources.
- Pursuant to Tenn. Code Ann. § 2-10-203, the Registry is required to give members seven days written notice of a special meeting.
- Pursuant to Tenn. Code Ann. § 3-6-103, the Ethics Commission is required to give members three days written notice of a special meeting.

- Both entities can provide 24-hour notice of a special meeting to members and each party seeking a settlement proposal in circumstances under the proposed legislation.
- Pursuant to Tenn. Code Ann. § 2-10-107, a statement of contribution is required to be submitted for each contribution and expenditure exceeding \$100.
- The proposed legislation requires a contribution or expenditure in a campaign fund of any amount to be reported.
- According to the Registry Rules for Campaign Financial Disclosure, there is no fee for a candidate or political campaign committee to file a statement of campaign contributions.
- The required campaign finance disclosures to the Registry can be filed electronically; the Registry currently provides a database of campaign contributions and expenditures to the public on its website.
- There is not estimated to be a significant number of civil penalties assessed for separation of campaign funds with other funds; therefore, no significant increase in civil penalty revenue to the Registry.
- Requiring a person or member of the General Assembly that provides or pays for campaign services to submit a disclosure of contract will not significantly impact the policies or procedures of the Ethics Commission.
- Any party that is required to submit an annual disclosure regarding control of a political committee under the provisions of the proposed legislation can do so within existing resources.
- The fiscal impact of restricting certain campaign solicitation practices is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/ch